Bankers Discuss Relations of State Institutions to Reserve Act

Expert Who Aided in Drawing Law

FUTURE OF STATE INSTITUTIONS

Outlines Obstacles to Immediate

tions Under the Federal Reserve Act." Mr. Willis said, in part:

the two principal obsarcles to the entry of State institutions into the Federal reserve system are as follows:

"(1) The existence of a large element of real estate loans in the portfolios of the existence of a large element of real estate loans in the portfolios of the institutions. (what are called "excessive loans," by which is meant loans to single persons or individuals, "frester than the "anount permitted under the national bankins law," and the property of the state institutions, that they count to climinate these two grounds of criticism if they expect to enter the system.

A good many have suggested that they be given a reasonable amount of time to comply with the requirements of the substitutions commany institutions could, if they choose get ready to enter in much less than a year, while there are others that serves without a much longer period than that. Some able bankers have told me that if they were given a very reasonable caresion of time within which to bring their assets of the national law and of our period than that. Some able bankers have told me that if they were given a senson as the new banks are placed in gracular doperation. Whether they should only the property of the same than they would do so, since this is main feetly the view of many able said and the proposed of the country, who have so long astioned of the country. Whether they should be not doubt that they would do so, since this is main feetly the view of many able said and the proposed of the country who have so long astioned of the Country and the proposed of the country who have so long astioned of the country. The banker must, therefore, consistency and the proposed of the country who have so long to the country, who have so long to the proposed of the country who have so long to the proposed of the country. When all has been gain the proposed of the country who have so long to the proposed of the country who have so long to the proposed of the country who have so long to the proposed of the country who have so long to the

All those institutions which are en-gaged in operations that render it unnecessary or undesirable for them to comply with the commercial requirements are, ipso facto, outside the range of banks that will be much benefited

erent type from that of the com-cial banks of the country and which consequently, either forced to make

different tyne from that of the commencent banks of the country and which are consequently, either forced to make a sacrifice, thereby subjecting their customers to discomfort or inconvenione to come in, or which are in some other way subjecting incomence to come in, or which are in some other way subjected to difficulty as a result of it. In a word, no State institution ought to, think of entering the Pederal reserve system unless its business is of a distinctly commercial type, Granted that, there is every reason why it should come in, but granting that its business is of a different type, the case changes.

NOT NECESSARY TO EXTER

"It seems to have been supposed by some banks that they must enter the Pederal system to get the benefit of it. That is only partially true. If the Pederal greave system attains, the objects for which it is intended, it will do so because of the fact that it modifies the whole banking situation. It will provide a market for commercial type for which it is intended, it will provide a market for commercial type for which it is intended, it will provide a market for commercial type for which it is intended, it will provide a market for commercial type for which it is intended, it will provide a market for commercial type for which it is intended, it will not so because of the fact that it modifies the whole banking situation. It will provide a market for commercial type for which the conditions are such throughout the country in the conditions are such throughout the country in the conditions are such throughout the principle of combined regerves, panic dances to define the principle of combined regerves, panic dances to define the principle of combined regerves, panic dances to define the principle of combined regerves, panic dances to define the principle of combined regerves, panic dances to define the principle of combined regerves, panic dances to define the principle of combined regerves, panic dances to define the principle of combined regerves, and the principle of combined re even though they technically comply with the reserve requirements. Neither will the institutions themselves profit particularly by such indembership. They will get the advantages of the system in any case by being enabled to borrow under more favorable conditions from the member banks which have from the member banks which have system, and have thereby enabled them selves readily and regularly to afford such aid as may be asked for by their banking customers. When we hear the statement, therefore, that it is to be hoped that all institutions will ultimately become members of the Federal Reserve System."

Mr. Reynolds, it was announced by President Goff, had found it impossible system, and have thereby enabled them

reserve system, the wish must be regarded as based on enthusiasm rather than on knowledge,
CLEARING FUNCTION
WILL PROVIDE MOTIVE

ONNEW FEDERAL SYSTEM

"It is probable that State bankers who have, what to them, seems a good reason for postponement of action, will continue to find such reasons for some time to come and will not bestir themselves to join the system until a very listinet, fresh motive is afforded them for so doing. What will that motive be? It seems to me that the motive is hardly likely to be found in the mere lack of opportunities for rediscount. If the rediscount plan operates as it is expected to, State banks will get the benefit of it indirectly, by finding themselves able that State bankers who have, what to them, seems a good reason for postponement of action, will continue to find such reasons for some time to come and will not bestir themselves to join the system until a very listinet, fresh motive is afforded them for so doing. What will that motive be? It seems to me that the motive is hardly likely to be found in the mere lack of opportunities for rediscount. If the rediscount plan operates as it is expected to, State banks will get the benefit of it indirectly, by finding themselves able Companies Into Federal Reserve indirectly, by finding themselves able to dispose of their paper on favorable terms in the open market without necessarily going to a Federal reserve The Federal reserve system, accord-bank for their accommodation. It is g to H. Parker Willis, secretary of rather to be expected that the motive e Federal Reserve Board and associ-tending to lead State bankers to en-editor of the Journal of Commerce.

ate editor of the Journal of Commerce.
New York, one of the leading authorities on the reserve act in the country, offers the banks of the United States an opportunity for standardization, and for the improvement of practice.
Mr. Willis was the expert advisor of Congressman Carter Glass and the House Committee in the drafting of the act providing for the new banking and currency system.
Mr. Willis was the principal speakfor at the joint session yesterday of the trust commany and savings bank terms terms for State banks to place themselves upon as good a foundation. at the joint session yesterday of the trust company and savings bank etions of the American Bankers Ascalation. Addressing himself to the bject, "The Future of State Institutes Under the Federal Reservet." Mr. Willis said, in part:

TLINES OBSTACLES TO OUTLINES OBSTACLES TO

ENTRY OF STATE BANKS

"The two principal obstacles to the entry of State institutions into the Federal reserve system are as follows."

I large measure on the way in which the clearance feature is handled and the extent to which the clearing function is taken over by the Federal reserve banks under instructions from the Federal reserve board. Provided that this work is undertaken courties.

SECTION MEETINGS BELIEVE CHANGES ARE IMPERATIVE

of banks that will be much benefits, by membership.

"Although, technically speaking, overy State banking institution willing to comply with the law may become a member of the Federal reserve system, member of the Federal reserve system, and in the original resolution, and three from the State commercial banks. (Continued From First Page.) In this form the resolution was adopted by the 500 delegates in attendance without a dissenting vote. President Goff suggested that the

Is of a primarily investment character, even sthough they technically comply with the reserve requirements. Neither ed as more than likely that the general

from the member banks which have the joint session's program. George M. rendered their own assets more liquid through their own membership in the and Commercial National Bank, Chicago, was on the program for an address on the subject, "What Should be the



Willis, was designed to create a com-mercial banking system and it was al-together desirable, he thought, that banks, not strictly commercial in character, should keep out of it. Such banks, he said, in complying with the regulations of the act, would do so at a great personal sacrifice and at great nconvenience to their patrons.

Mr. Willis noted, in common with speakers who followed him, that most of the State institutions are on the the state institutions are on the margin of doubt whether or not it is to their interests to affiliate with the new system. While a large number of these are not yet able to qualify for enrollment in the system because of a large element of real estate and excessive individual or personal loans, it was also true be said that it was also true, he said, that many banks who could enter, are waiting until the system is tried out before taking the step. He had no doubt, he said, that a large number of State banks will enter the system shortly after it is put into operation.

NOT SUFFICIENT INCENTIVE

TO STATE INSTITUTIONS The speaker directed attention to be absence of any great incomive calculated to encourage State institutions to join the reserve system. Too much, he thought, has been made of the re-

Program for To-Day

MORNING SESSION. A. M.—Convention called to by President Arthur Rey-

nolds.

Invocation by Rt. Rev. Collins Denny, Bishop Methodist Episcopal Church, South.

Addresses of welcome by Governor Henry C. Stuart, Mayor Alaslie and Colonel John B. Purcell.

Response to addresses of welcome and annual address of the president.

Annual reports of major officers and sections.

12 Noon—Address, "The Will of the People," by Martin W. Littleton, of New York.

AFTERNOON SESSION.

2 P. M.—Address by Charles S. Hamilin, governor of the Federal Reserve Board. Address, "The Federal Reserve Act," by Congressman Carter Glass. ENTERTAINMENT.

10 A. M.—Special street cars will leave Main Street entrance Jeffer-son Hotel for visit to Richmond Cedar Works, American Locomotive Company and Liggett & Myers To-bacco Company Company and Liggett & Myers 10-bacco Company. 10 A. M. to 2 P. M.—Automobile tours to points of interest in and around Richmond. Apply to Infor-mation Bureau for detailed itine-

1:30 P. M.—Lunckeon to specially wited guests at Commonwealth Club. 1:30 P. M.—Lunchcon to delegates at plant of C. F. Sauer & Co., West

Brond Street.

1:30 P. M.—Luncheon for visiting fadies at Country Club of Virginin.

S:30 P. M.—Musicale, City Auditorium, by Alma Gluck, soprano; Antonio Scotti, baritone, and Efrem Zimbalist, violiuist.

"I feel certain that the trust com-panies will co-operate with the va-rious regional banks so as to make the whole system a complete success and in this way serve the best interests of the people at large," wrote Mr. Hemphill. "The broad law recently adopted for example, he said, to apply a national form the said of t by the State of New York will, in my opinion, prevent the trust companies organized under the laws of that State from becoming members of the Federal reserve system until the Federal re serve act is amended along similar lib-eral lines. I anticipate, as the operaeral lines. I anticipate, as the opera-tion of the system indicates the necesgary emendations, that these will be

enacted."

Mr. Hemphill's views were directly in line with the general conviction of the delegates that the reserve act stands in need of amendment, and the communication was received with applause.

A. B. Hepburn, chairman of the board of directors of the Chase National

A. B. Hepburn, chairman of the board of directors of the Chase National lank, New York, and chairman of the Currency Commission of the American Bankers' Association, who, like Mr. Hemphill, was unable to be present, sent a statement of his views which ing development. was under consideration.

SUPPORT, SAYS HEPBURN
"It is eminently desirable that all, or as many of our banking institutions as possible, become members of the system and give it their practical support." wrote Mr. Hepburn.

"The law involves many and radical changes from the present methods of credit procedure. It will necessarily take some little time for the managers

"It may be helpful rather than otherwise if trust companies and State banks refrain from joining at the outbanks refrain from joining at the outset, and give the managers a little
time to get the new system into good
working order. The mechanism once
established, the joining of additional
or new banks may be very easily effected. The test of the law in practical
operation may show defects which can
and should be removed by legislation.
I have no doubt that Congress will
readily respond to any reasonable dereadily respond to any reasonable de-mand for legislation of this character, "I assume that it will be agreeable to the Federal Reserve Board if State

to the Federal Reserve Board if State banks and trust companies refrain for a little time from joining the system."

PRESIDENT ARTHUR REYNOLDS

EXPRESSES CONFIDENCE
The presiding officer called upon President Arthur Reynolds, of the American Bankers' Association, who was seated on the platform, for a talk, Mr. Reynolds responded with a short informal discussion of the subject by informal discussion of the subject fore the body, indicating that he will treat it at greater length in his ad-dress to the general association to-day. President Reynolds joined preceding

OUTLINING HIS VIEWS

was read by President Goff. Mr. Hep-burn played a prominent part in the hearings before the Congressional Banking Committees, when the reserve SHOULD GIVE SYSTEM

take some little time for the managers to inaugurate this new system and bring it to a state of efficiency. The system will start with substantially all the national banks of the country.

Welcome Mr. Banker man,
And Mrs. Banker, too;
The city's gates, the city's heart,
Are open wide to you.
We want you to enjoy yourself,
The while you linger here,
So that you can't resist our plea
To come another year. It isn't often that we have THE RESPONSE. THE RESPONSE.

We thank you, Mr. Richmond,
And Mrs. Richmond, too;
We find your gates are open
And your hearts are good and true.
We write the days in red and gold,
The days we're spending here,
Because they are the brightest
In all the passing year.

It isn't often that we have
A chance to meet your clan;
But we know you when we meet God's noblest type—a man.
We like you, and, as brothers,
We clasp the friendly hand;
Our hearts are knit together—
God bless our blessed land,

MR. BANKER MAN.

bank yardstick to a trust

member State banks from doing

It was not the intention of the framers

ness on lines authorized by their State

ready a member of the Federal reserve

Aldermen Fail of Quorum.
The Board of Aldermen failed of a quorum last night, and President William H. Adams announced to those present that the meeting would be called on next Monday at 8 o'clock.
Those who answered the roll call last night were President Adams and Aldermen Christian, Paul, Mitchell and Melton.

MR. BANKER MAN THE WELCOME.

DEBATES RESERVE ACT H. Parker Willis, Secretary of Federal Board, Makes

CLEARING-HOUSE SECTION

H. PARKER WILLIS

EUGENE

WUICHET

OF DAYTON-OHIO.

UP TO 12, MERIDIAN. YESTERDAY HE HAD

NEW YORK

Address.

Eventually to Enter System.

WILSON ELECTED PRESIDENT Methods for Collection of Checks Under New Banking Act Are Fully Discussed—Expect All Banks

The exercise of the clearing house function by the Federal reserve banks and the clearing of exchange items be-

St. Louis, because of their central loca-tion, do the clearing for the other eleven banks.

"The discussion can run to unlimited length," said Mr. Wolf, "without a determination of the question being reached." H. Parker Willis, secretary of the Federal Reserve Board, addressed

and in this way embarrass the State bank members of the system.

While it was his belief that the Reserve Board will proceed carefully and with due consideration for the special character of the various member institutions embraced in the system, it

A general discussion of the rules commission appointed to revise the sand reserve in the system.

A general discussion of the rules commission appointed to revise the sand reserve in the system.

general discussion of the rules regulations governing the operation of the Federal reserve banks, with especial reference made to those regulations affecting clearing-houses, featured the afternoon session, which convened in the Palm Room at 2:30 o'clock.

pose such regulations as would prevent York City. Members of the executive committee to serve for terms of three Chairman, John D. Fulton, New Orleans, La.; C. G. Hutcheson, Kansas City, Mo.; HAMLIN WILL ADDRESS BANKERS' CONVI J. D. Ayres, Pittsburgh, Penn. Other (Continued From First Page.)
members of the executive committee, 3,000 attended the reception between

dent Union National Bank, Cleveland, Chio., term expiring 1914; Charles A. Ruggles, manager Boston Clearing-

Predicts Election of Irvine.

C. S. Carter, campaign manager for R. Tate Irvine, Democratic candidate for Congress in the Ninth District, was a visitor at the Capitol yesterday. He expressed himself as confident of the defeat of Congressman C. B. Slemp by Mr. Irvine in the election to be held November 3.

Harness Stoien.

Nicholas Drake, 1206 Floyd Avenue, who won a pony and cart as first prize in a contest conducted by The Times-Dispatch several years ago, yesterday from the defeat of Congressman C. B. Slemp by Mr. Irvine in the election to be held November 3.

SAVINGS BANK SECTION SOUNDS CHEERFUL NOTE

"Wave of Economy" Described by Well-Known New York Banker.

ILLUSTRATES BY WAR FIGURES

By Small Concerted Effort, People of This Country Could Save Hundreds of Millions-W. E. Knox, of New York, Made President.

A cheerful note was sounded in the

meeting of the savings bank section

and the clearing of exchange items between the reserve banks themselves, was discussed in the meetings yesterday, of the clearing-house section, of the American Bankers' Association. The clearing-house section held morning and afternoon sessions. For several months this section has had a committee which has been carefully studying and considering the subject, and which has held meetings in conjunction with the Federal reserve board. The plan which is under consideration to effect the clearing of items among the twelve reserve banks, was read from the tentative rules and regulations of the Federal reserve board, by O. Howard Wolf, secretary of the section and a member of the committee.

The plan-favored, is that the clearing should be done by the Federal reserve board in Washington, and that each reserve bank should carry there an amount of gold sufficient to cover any 170bable balance against it. It was also suggested, that one of the twelve reserve banks, probably of Chicago or St. Louis, because of their central location, do the clearing for the other cleven banks.

"The discussion can run to malignified."

BY SLIGHT EFFORT, COUNTRY of the American Bankers' Association

were manufactured.
BY SLIGHT EFFORT, COUNTRY
COULD SAVE MILLIONS
Air. Harris expressed the opinion that
with a population of 100,000,000 in this
country, only a small reduction of ordinary wasteful expenditures would be

"Recent Amendments to Savings Bank Law of New York, and Reasons for Such Amendments," was the speaker's

tured the afternoon session, which convened in the Palm Room at 2:30 o'clock.

OFFICERS ARE ELECTED

AND DULY INSTALLED

At the call of cities by the secretary, delegates responded with brief reports, and matters of general interest to the financial world were discussed. The financial world were discussed. The fillowing officers were elected and duly installed: President, A. Orville Wilson, State National Bank, St. Louis; vice-president, J. D. Ayres, Bank of Pittsburg, Pittsburg, Penn.: secretary, O. Howard Wolfe, 5 Naussau Street, New York City. Members of the executive committee to serve terms of three years each were elected as follows: chairman, G. E. Edwards, New York City. Members of the executive committee to serve terms of linkins, Gretna, La.

BANKERS' CONVENTION

Term expiring 1915.—Lewis L. Clarke, president American Exchange National Bank, New York City; W. D. Vincent, cashler Old National Bank, Spokanc, Wash.

Term expiring 1916.—John McHugh, A crowd that will look and midnight. Wash.

Term expiring 1916.—John McHugh, president First National Bank, Sloux City, Iowa: Stoddard Jess, vice-president First National Bank, Los Angeles, dent First National Bank, Los Angeles, California.

The Repuber vice-president First National Bank, Los Angeles, California.

The Repuber vice-president First National Bank, Los Angeles, California.

dent Union National Bank, Cleveland, Chio., term expiring 1914; Charles A. Ruggles, manager Boston Clearing-House, Boston, Mass., term expiring 1915; Ralph Yan Vechten, vice-president Continental and Commercial National Bank, Chicago, Ill., term expiring 1916.

Fined for Attack on Small Boy.

Mrs. G. F. Greene, 704 South Pine costs in the Police Court when arraigned on a charge of assaulting and beating Edward Waldrop, the small son of Mrs. C. F. Waldrop. The boy's mother swore out the warrant for Mrs. Greene.

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